

CHAPTER III

POLITICAL ENVIRONMENT

A. NATURE OF POLITICAL RELATIONSHIP WITH THE U.S.

Japan enjoys strong and close political relations with the U.S. The political relationship, based in large part on the Mutual Security treaty, which underpins the U.S. security presence in the Far East, is characterized by cooperation on a broad variety of issues, from ensuring peace and security on the Korean peninsula to cooperation in the U.N. Security Council. Japan has supported U.S. policy in such areas as providing election assistance to Indonesia and funding a substantial portion of Bosnia reconstruction and Kosovo relief. In addition, the U.S. and Japan cooperate closely through the bilateral "Common Agenda" to tackle a range of global issues, particularly in the health, education, environment, and population fields.

B. MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

The Liberal Democratic Party (LDP) remains the largest and most influential political party in Japan, successfully installing party president Yoshio Mori as prime minister in early 2000 following the untimely death of Keizo Obuchi, also from the LDP. Still, lacking a majority in the Diet's Upper House, the LDP has had to join forces with the lay Buddhist Komeito and Conservative parties. Lower House elections in June 2000 did not deliver good news to this LDP-led coalition. All three parties suffered significant setbacks, although securing a stable majority of 271 of 480 seats. The largest opposition Democratic Party of Japan (DPJ) benefited the most from voter dissatisfaction with the status quo, particularly with the support of the over 50 percent of unaffiliated voters among the electorate. Finding ways to appeal to this "floating vote" promises to be a key preoccupation for politicians in the run-up to an Upper House election slated for summer 2001. Polls show that leading priorities for the Japanese public include economic recovery, healthcare and welfare reform, and fiscal and financial stabilization.

C. BRIEF SYNOPSIS OF POLITICAL SYSTEM, SCHEDULE FOR ELECTIONS AND ORIENTATION OF MAJOR POLITICAL PARTIES

Japan is a strong democracy, with a parliamentary form of government, in which basic human rights are well respected. Under the constitution and in practice, the Emperor's role is essentially symbolic. The head of government, the prime minister, is elected by both houses of the Diet, with the Lower House selection taking precedence in case of a split vote. Elections to the Lower House, the more powerful of the Diet's two chambers, are held at least once every four years. Upper House elections are held every three years, with half of the membership (each holding six-year terms) up for election each time. Most of Japan's political parties espouse moderate or conservative domestic and foreign policies.